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# NASA Procedural Requirements

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 (NASA Only)

## Subject: Liabilities

**Responsible Office: Office of the Chief Financial Officer**[| TOC](#) | [Preface](#) | [Chapter1](#) | [Chapter2](#) | [Chapter3](#) | [Chapter4](#) | [Chapter5](#) | [Chapter6](#) | [Chapter7](#) | [Chapter8](#) | [Chapter9](#)  
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## Appendix A. Definitions

**Accounts Payable.** The amounts owed by NASA for goods and services received from other entities, progress in contract performance made by other entities, and rents due to other entities. This includes amounts payable from canceled appropriations.

**Cleanup Costs.** Cleanup costs are the costs of removing, containing, and/or disposing of (1) hazardous waste from property or (2) material and/or property that consists of hazardous waste at permanent or temporary closure or shutdown of associated PP&E. Cleanup may include, but is not limited to, decontamination, decommissioning, site restoration, site monitoring, closure, and post-closure costs.

**Contingency.** Contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss to an entity which will ultimately be resolved when one or more future events occur or fail to occur.

**Contingent Liabilities.** Contingent Liabilities represents the amount that is recognized as a result of a past event where a future outflow or other sacrifice of resource is probable and measurable.

**EMD Advocate.** Agency-level individual or environmental specialist assigned with oversight responsibility for Center environmental cleanup projects.

**Estimated Cleanup Cost Liability.** Estimated Cleanup Cost Liability represents the estimated liability for projected future cleanup costs (not yet due and payable) associated with removing, containing, and/or disposing of (1) contamination or hazardous waste from property or (2) material and/or property consisting of hazardous waste or other environmentally regulated substances at permanent closure, temporary closure, or shutdown of the associated property, plant, and equipment.

**Exchange Transaction.** A transaction in which one party sacrifices value and receives a valuable good or service in return.

**Hazardous Waste.** Hazardous waste is a solid, liquid, or gaseous waste or combination of these wastes, which because of its quantity, concentration, or physical, chemical, or infectious characteristics may cause or significantly contribute to an increase in mortality or an increase in a serious irreversible or an incapacitating reversible illness or pose a substantial present or potential hazard to human health or the environment when improperly treated, stored, transported, disposed of, or otherwise managed. Asbestos (friable and nonfriable) are considered hazardous waste for purposes of this policy and proper accounting treatment.

**Interest Payable.** Interest incurred, but unpaid on liabilities of NASA.

**Liability.** Liability is a future outflow or other sacrifice of resources as a result of past transactions or events.

**Liability Disclosure.** Disclosed Liability means the reporting of a liability in the notes that are an integral part of the financial statements. (Source: FASAB Consolidated Glossary).

**Liability Recognition.** Recognized Liability means the formal recording or incorporating of a liability amount into the

financial statements of the Agency. (Source: FASAB Consolidated Glossary).

**Noncancelable.** A PP&E lease is considered noncancelable if it can only be canceled under one of the following conditions: (1) upon occurrence of a remote contingency, (2) with the permission of the lessor, (3) the lessee enters into a new lease with the same lessor, or (4) the lessee incurs a penalty in such amount that continuation of the lease appears, at inception, reasonably assured.

**Other Liabilities.** Other liabilities include measurable and probable expected future outflows of resources resulting from past transactions or events and the estimated costs of conditions, situations, or circumstances that will be resolved in the future. These liabilities may arise from receipt of revenue or income that has not been earned, receipt of fiduciary or other collections that have not been deposited or cleared, and other liabilities not otherwise classified for which no budgetary obligations exist.

**Probable.** With the exception of pending or threatened litigation and unasserted claims, probable is defined as that which can reasonably be expected or believed to be more likely than not on the basis of available evidence or logic and includes amounts where there is a more than 50 percent chance of payment being made. For pending or threatened litigation and unasserted claims, probable means the future confirming event or events are likely to occur. The probability of a future outflow or other sacrifice of resources is assessed on the basis of current facts and circumstances. These current facts and circumstances include the law that provides general authority for Federal entity operations and specific budget authority to fund programs.

**Property, Plant, and Equipment (PP&E).** Tangible assets that (1) have an estimated useful life of two or more years, (2) are not intended for sale in the ordinary course of operations, and (3) have been acquired or constructed with the intention of being used, or being available for use, by the entity. General PP&E are used to provide general Government services or goods. Stewardship PP&E includes PP&E that are an integral part of the output of certain unique Federal Government missions (Federal mission PP&E), assets possessing significant educational, cultural, or natural characteristics (heritage assets), and land other than that included in General PP&E (stewardship land).

**Reasonably Possible.** Reasonably Possible means the chance of the future confirming event or events occurring is more than remote, but less than probable.

Remote. Remote means the chance of the future event or events occurring is slight.

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